



April 8, 2009

Honorable Denise Moreno Ducheny, Chair  
Joint Legislative Budget Committee  
Senate Budget and Fiscal Review Committee

Honorable Noreen Evans, Chair  
Assembly Budget Committee

Honorable Christine Kehoe, Chair  
Senate Appropriations Committee

Honorable Kevin de Leon, Chair  
Assembly Appropriations Committee

### **Section 28.00—Federal Title I Program Stimulus Funds**

Pursuant to the provisions of Section 28.00, Budget Act of 2009, the following report is respectfully submitted.

The Department of Finance received the attached Section 28.00 application from the State Department of Education (SDE) for the purpose of adjusting expenditure authority for federal funding under Title I of the Elementary and Secondary Education Act of 1965 (Title I ESEA) due to the unanticipated receipt of federal economic stimulus funds for this program.

Approximately \$562.5 million in federal Title I ESEA funds are available for 2008-09 for Targeted Grants and Education Finance Incentive Grants under Title I ESEA pursuant to the *American Recovery and Reinvestment Act (ARRA)*, Public Law 111 (H.R. 1). Therefore, we request that Item 6110-134-0890 of the Budget Act of 2008 be increased from \$1.821 billion to \$2.383 billion.

Title I ESEA recovery funds must be used consistent with the current Title I statutory and regulatory requirements, including the requirement that four percent of funds be reserved for school improvement activities pursuant to Title I ESEA. The allocations to local educational agencies also must be made based on current Targeted Grant and Education Finance Incentive Grant formulas. In addition, ARRA requires that these funds: (1) be available to local educational agencies as quickly as possible, and (2) be fully obligated by September 30, 2011.

We note that SDE received official notification of the availability of additional, unanticipated funds on April 1, 2009 and notified Finance within 45 days of this date.

This request meets the following criteria, as required in subdivision (b) of Section 28.00:

- The department will allocate the funds to local educational agencies based on existing program formulas to support existing activities, thus consistent with state law.
- The federal government provided the funds to the state under conditions permitting their use only for existing Title I purposes, and the additional expenditure proposed would apply to those purposes.

- Acceptance of the additional funding does not impose any requirement on the state to commit or expend new state funds for any program or purpose.
- The need exists to expend the additional funding during the current fiscal year because the intent of the ARRA is to distribute funds quickly to both states and local educational agencies, with the expectation that both entities will quickly develop plans to utilize these funds in an effort to help stimulate the economy.

Finally, we have included internet links to the assurances, guidelines, and reporting requirements include in the ARRA to ensure that local educational agencies and other interested entities are aware of the various conditions that must be adhered to as a condition of receiving federal Title 1 ESEA recovery funds. Please see: <http://www.recovery.ca.gov/>; <http://www.ed.gov/policy/gen/leg/recovery/index.html#apps>; <http://www.recovery.gov/>; and <http://www.cde.ca.gov/fg/aa/ar/>.

We concur with the necessity of this change to the approved budget and will be approving these adjustments no sooner than 30 days from the above date.

If you have any questions or need additional information regarding this matter, please call Thomas Todd, Principal Program Budget Analyst, at (916) 445-0328.

MICHAEL C. GENEST  
Director  
By:

  
ANA J. MATOSANTOS  
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee  
Honorable Roger Niello, Vice Chair, Assembly Budget Committee  
Honorable Gloria Romero, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable Wilmer Amina Carter, Chair, Assembly Budget Subcommittee No. 2  
Mr. Mac Taylor, Legislative Analyst (3)  
Mr. Danny Alvarez, Staff Director, Senate Budget and Fiscal Review Committee  
Mr. Bob Franzoia, Staff Director, Senate Appropriations Committee  
Mr. Seren Taylor, Staff Director, Senate Republican Fiscal Office  
Mr. Craig Cornett, Senate President pro Tempore's Office  
Mr. Christian Griffith, Chief Consultant, Assembly Budget Committee  
Mr. Geoff Long, Chief Consultant, Assembly Appropriations Committee  
Mr. Peter Schaafsma, Staff Director, Assembly Republican Fiscal Committee  
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Honorable Jack O'Connell, Superintendent of Public Instruction  
Dr. Glen Thomas, Secretary of Education  
Ms. Sharon Taylor, Director, Fiscal and Administrative Services Division, State  
Department of Education

icc: BRADSHAW, PROSIO, CAP-OFFICE, FO, OROPEZA, SCHWEIZER, TODD, DEL  
CASTILLO, FERGUSON, MIERCZYNSKI, C/F (3), SUSPENSE FILE

I:\BUDGET ADMIN (YEAR-ROUND)\2008-09\SEC LETTERS\SEC. 28.00\6110 TITLE I ESEA  
FEDERAL STIMULUS.DOC

*Please report dollars in thousands.*

DEPARTMENT Education	ITEM NO./ FISCAL YEAR 2008-09	NOTIFICATION LETTER TO LEGISLATURE: <input checked="" type="checkbox"/> 30-DAY NOTICE <input type="checkbox"/> REQUEST WAIVER OF 30-DAY NOTICE
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**PROGRAM TITLE PER GOVERNOR'S BUDGET:**

Instuction - Title I ESEA

FUNDING (SPECIFY FUND)	CURRENTLY BUDGETED	REQUESTED CHANGE (+) OR (-)	TOTAL
Federal Trust Fund	1,820,750	562,460	2,383,210

(Check appropriate boxes)

- ☐ The funds will be expended for a purpose that is consistent with state law (explain use of funds in Part A below).
- ☒ The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose (as supported by explanation for the purpose of the funds).
- ☒ Acceptance of additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- ☒ The need exists to expend the additional funding during the current fiscal year (explain in Part B below).
- ☒ This application is provided to Finance within 45-days of official notice of receipt of funds.
- ☐ Explanation of delayed notification to Finance is attached (required if 45-day notification period is exceeded).
- ☐ A copy of the official notice of fund availability is attached to this application.
- ☒ One-time expenditure.
- ☐ Ongoing commitment from this source (if checked, explain under Program Proposal).
- ☐ Matching funds required (if checked, explain under Program Proposal).
- ☐ Expenditure either supplements or supplants an existing state-funded program (if checked, explain under Program Proposal).

**PART A: For what purpose will the funds be expended?**

The American Recovery and Reinvestment Act of 2009 (ARRA) provides significant new funding for programs under Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA). Funding is provided to local education agencies for schools that have high concentrations of students from families that live in poverty, in order to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards. They are to be used to supplement, not supplant, funding received by LEAs from other sources.

**PART B: Explain the need to expend the funds in the current fiscal year, including the consequence of waiting until budget year to expend the funds:**

The overall goals of the ARRA are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation. States are encouraged to award Title I, Part A recovery funds to their LEAs as quickly as possible, consistent with prudent management, so that LEAs can begin using the funds. States and LEAs are urged to move rapidly to develop plans for using funds, consistent with the law's reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery. Of the total grant amount, 50% will be available during the 2008-09 state fiscal year and the balance during the 2009-10 state fiscal year.

**PROGRAM PROPOSAL** (Attach additional information as necessary)

<b>TITLE:</b> <b>AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)</b>	<b>STATUTORY AUTHORITY:</b> (state, federal, as appropriate) Federal Title I
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**DESCRIPTION:**

The ARRA funds will be used to improve student achievement, and help close the achievement gap. In addition, there are requirements that require progress on four reforms previously authorized under the bipartisan Elementary and Secondary Education Act and the America Competes Act of 2007.

1. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;
2. Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;
3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;
4. Providing intensive support and effective interventions for the lowest-performing schools.

An LEA is eligible to receive Title I, Part A recovery funds if it is eligible under the statutory eligibility criteria established in sections 1125(a)(1) and 1125(c) of the ESEA for the Targeted and Education Finance Incentives Grant formulas of Title I, Part A. The use of Title I funding under ARRA is the same as under the regular Title I grant.

**JUSTIFICATION:**

The California budget explicitly makes federal funds from the ARRA subject to Section 28 of the Budget Act. Under the Section 28 process, the Department of Finance has authority to increase an appropriation to allow expenditures of unanticipated funds, provided that it notifies the Legislature and waits 30 days. Section 28 (g) of Chapter 1/09, states that "Any federal funds received as a result of federal legislation enacted after January 1, 2009, shall be deemed unanticipated for the purposes of this section." The ARRA was signed into law on February 17, 2009.

<b>SUBMITTED BY:</b>		<b>APPROVED BY DEPARTMENT OF FINANCE:</b>	
<b>BUDGET OFFICER:</b> <i>Roxanne L. Eves</i>	<b>DATE:</b> <i>4-3-09</i>	<b>DATE SUBMITTED TO LEGISLATURE:</b>	<b>APR - 8 2009</b>
<b>DIRECTOR:</b> <i>Sharon Taylor</i>	<b>DATE:</b> <i>4/3/09</i>	<b>PPBA:</b>	<b>DATE:</b>

STATE OF CALIFORNIA BUDGET REVISION STD. 26(REV.10/87)					
DEPARTMENT  CALIFORNIA DEPARTMENT OF EDUCATION			FUND  Federal Trust Fund		DOCUMENT NUMBER 6110-134-0890-002  FISCAL YEAR 2008-09
SOURCE OF FUNDS	AMOUNTS AVAILABLE	INCREASE (+) OR DECREASE (-)			
		REVISION REQUESTED	REVISION APPROVED (DOF USE ONLY)		
APPROPRIATION:(LIST ADJUSTMENTS IN DETAIL)					
Budget Act of 2008, Chapters 268/269 Item 6110-134-0890	1,820,750,000				
Previous Budget Revisions					
	1,820,750,000				
UNSCHEDULED APPROPRIATIONS					
LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION					
(1) 10.30.006-Statewide System of School Support	10,000,000				
(5) 10.30.009 Program Improvement-Local Educational Agencies	101,872,000	22,498,410			
(8) 10.30.003 Program Improvement Local Educational Agencies Carryover	78,082,000				
(9) 10.30.060 Title I-ESEA	1,630,796,000	539,961,828			
Net Appropriation	\$1,820,750,000	\$562,460,238			
PURPOSE OF REVISION: LIST IN DETAIL, INCLUDING WORKLOAD, FISCAL HISTORY ON CAPITAL OUTLAY, AND CROSS-REFERENCE SUPPORTING DOCUMENTS.					
The California Department of Education is requesting an increase in local assistance federal fund expenditure authority as explained in the Section 28 application entitled "Instruction-Title I ESEA."					
REQUESTED BY		RECOMMENDED BY (DEPARTMENT)		APPROVED BY (DEPT. OF FINANCE)	
NAME <i>Roseanne J. Ellis</i>		NAME <i>Sham...</i>		NAME	
TITLE: MANAGER CDE BUDGET OFFICE	DATE: <i>4-3-09</i>	TITLE: DIRECTOR, FISCAL & ADMIN. SERVICES DIV.	DATE: <i>4/3/09</i>	NAME:	DATE:

## STD. 26 (REV. 10/87) REVERSE

PURPOSE OF REVISION (cont'd)